

**Testimony of Stephen G. Rosentel before the Energy
and Technology Committee on March 7, 2013
Re: H.B. No. 5589, S.B. No.839, H.B. No. 6360**

Hello my name is Steve Rosentel. I am the President of Leahy's Fuels, a marketer of fuel oil and propane gas located in Danbury. We service and sell heating and hot water systems that run on oil, propane and natural gas.

I am also a board member of the CEMA, formerly known as the ICPA and currently serve as the Vice Chairman of the Board of the Propane Gas Association of New England.

HB No. 5589 An Act Establishing a Pilot Program for Natural Gas Transportation, I suggest it be amended to include a pilot program for propane autogas. This would allow all areas of the state including those not served by natural gas to receive the benefit of using a less expensive, cleaner and domestic motor fuel than gasoline or diesel. The fueling facility for propane is significantly less expensive which provides the opportunities for smaller fleets.

S.B. No. 839 An Act Concerning Statutory Changes To Advance Connecticut's Energy Policies, the changes proposed to Section 7 (b) states "The authority shall require the utilization of such new principles and structures to the extent that the authority determines that their implementation is in the public interest, as identified by the Department of Energy and Environmental Protection". I raise the issue that if the public interest is being determined by DEEP and the Comprehensive Energy Plan they publish and modify in the future, would this be undermining the public interest responsibility that currently rests with the utility commissioners at PURA?

H.B. No. 6360 AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S COMPREHENSIVE ENERGY STRATEGY. Section 18 will move us to 15 ppm sulfur heating oil which CEMA and I strongly support eliminating the adjoining state requirement. I would suggest that the interim step to 50ppm be eliminated by merely requiring the product imported into CT for sale meet the 15ppm standard effective June 30, 2013. This will be the most practical way to have the industry be compliant without the worry of what the blend might test out to on any given day. My company that also sells oil in NY has been selling only 15ppm product since July 1, 2012 and it works great!

Section 19 of H.B. No. 6360 would move the hurdle rate from 15 to 25 years. I would suggest that if this issue is going to be etched in State statute, then we should provide for a requirement that any expansion cost not actually recovered during the 25 year period be borne solely by the utility shareholders to protect the existing ratepayers from the dangers of 25 year projections. I make this suggestion after studying the table C-5 in the appendix to the 2013 Connecticut CES. It indicates a negative NPV for conversion from oil in the low oil price scenario. This happens when oil prices are in the range of \$2.76 per gallon (\$20 per MBTU) and the natural gas projection is correct. If the natural gas price projection is low, as today's NYMEX contract would suggest, the oil price per gallon could be higher and still represent no savings to the consumer and therefore no incentive to convert and therefore less recovery of the significant expansion cost. Since the CES itself identifies lower oil prices as a "High Risk" sensitivity, why should the CT ratepayers have to take this risk?

I would be happy to answer any questions.